



Illinois Department of Revenue



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Overview of the Illinois Department of Revenue



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Revenue's Mission Statement

To administer Illinois tax laws and collect tax revenues in a fair, consistent, and efficient manner for taxpayers and to provide accurate, timely, and reliable funding and information to state and local constituents.





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Organizational Overview

The Department of Revenue administers more than 80 state and local tax laws, including the authorization to collect certain taxes on behalf of local government, and generates approximately \$45 billion in taxes and fees annually to support the operations of state and local government. The Department allocates revenues to more than 6,800 local governments and school districts annually.

In fiscal year 2018, the Department processed over 13.4 million returns (including over 6 million individual income tax returns and 800,000 business income tax returns) of which 81% were filed electronically. The Department also collected more than \$1.9 billion through our billing, auditing, collections and other enforcement activities, and answered almost one million phone calls.





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The following is a list of state and local taxes and fees administered by the Illinois Department of Revenue.

Bingo Tax & License Fees * Charitable Games Tax & License Fees * Pull Tab & Jar Games Tax & License Fees * Cigarette Tax * Cigarette Use Taxes * Cigarette Machine Operators' Tax (Roll Your Own) * Coin-Operated Amusement Device Tax * Dry-Cleaning License Tax & Fee * Electricity Distribution Tax * Invested Capital Tax * Electricity Excise Tax * Energy Assistance Charges & Renewable Energy Charges * Gas Tax * Gas Use Tax * Hotel Operators' Occupation Tax * Illinois Sports Facilities Hotel Tax * Liquor Gallonage Tax * Metropolitan Pier and Exposition Authority Hotel Tax * Medical Cannabis Cultivation Privilege Tax * Municipal Hotel Tax (Chicago) * Qualified Solid Waste Energy Facility Payments * Simplified Municipal Telecommunications Tax * Telecommunications Infrastructure Maintenance Fees * Telecommunications Tax * Tobacco Products Tax * Corporate Income Tax * Corporate Replacement Tax * Exempt Organization Income Tax * Exempt Organization Replacement Tax * Fiduciary Income Tax * Fiduciary Replacement Tax * Individual Income Tax (Sole Proprietorships) * Partnership Replacement Tax * Subchapter S Replacement Tax * Motor Fuel Tax * Motor Fuel Use Tax * Underground Storage Tank Tax and Environmental Impact Fee * Rental Housing Support Program Surcharge * Tax Increment Financing (TIF) * Withholding (Payroll) * Real Estate Transfer Tax – Individuals, Title Companies and Settlement Agencies * Aircraft Use Tax * Automobile Renting Occupation & Use Taxes * Aviation Fuel Tax * Business District Retailers' Occupation Tax * Chicago Home Rule Municipal Soft Drink Retailers' Occupation Tax * County Motor Fuel Tax * Home Rule and Non-home Rule Sales & Use Taxes * Illinois Telecommunications Access Corporation (ITAC) Assessment * Live Adult Entertainment Facility Surcharge * Local Automobile Renting Occupation & Use Taxes * County Automobile Renting Occupation Tax * County Automobile Renting Use Tax * Metro-East Mass Transit District (MED) Automobile Renting Occupation Tax * Metro-East Mass Transit District (MED) Automobile Renting Use Tax * Metropolitan Pier and Exposition Authority (MPEA) Automobile Renting Occupation Tax * Metropolitan Pier and Exposition Authority (MPEA) * Automobile Renting Use Tax * Municipal Automobile Renting Occupation Tax * Municipal Automobile Renting Use Tax * Regional Transportation Authority (RTA) Automobile Renting Occupation Tax * Manufacturer's Purchase Credit (MPC) * Mass Transit District (Metro-East Mass Transit (MED) Taxes and Regional Transportation Authority (RTA) Taxes) * Metro-East Park and Recreation District Tax * Metropolitan Pier and Exposition Authority (MPEA) Food and Beverage Tax * Prepaid Wireless E911 Surcharge * Private Party Vehicle Use Tax * Rental Purchase Agreement Occupation Tax * Rental Purchase Agreement Use Tax * Sales & Use Taxes * Sales of Aircraft & Watercraft by Lessors * Special County Retailers' Occupation Tax for Public Safety * Tire User Fee * Watercraft Use Tax





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State and Local Tax Administration

The Department of Revenue is responsible for the fair, efficient, and uniform administration of state and local tax laws. The Department's primary activities include:

- taxpayer registration,
- tax return processing,
- collection activities,
- state and local tax revenue accounting and distribution,
and
- voluntary compliance promotion through taxpayer education, information and assistance.



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State and Local Tax Administration

These activities are conducted from offices throughout the state and auditors strategically located across the nation, and supported by a statewide computer network.





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Property Tax

The Department oversees Illinois' \$29.8 billion local property tax assessment process. State statutes require the Department to equalize assessed value of property among counties at one-third of market value. Since taxing districts often include more than one county, this equalization process assures that like property is valued at the same level, so the tax burden can be distributed fairly.





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Liquor Control Commission

The Department oversees the Illinois Liquor Control Commission.* The Commission's mission is to protect the health, safety, and welfare of Illinois citizens by carefully controlling and regulating the manufacture, distribution, and sale of alcoholic liquors.



*Effective July 1st, 2019, the Illinois Liquor Control Commission will no longer be part of the Illinois Department of Revenue. Public Act 100-1050



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Revenue Collection

There are three major categories of Illinois taxes collected by the Illinois Department of Revenue:

- **Income taxes**
- **Sales taxes**
- **Excise taxes**

Approximately 56 percent of the revenue collected by IDOR comes from income taxes; 34 percent comes from sales taxes; the remaining 10 percent comes from all other sources including excise taxes.

Source: IDOR Annual report FY18

https://www2.illinois.gov/rev/research/taxstats/AnnualCollectionsDistributions/Documents/FY18_Annual_Report.pdf



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Income Tax

The Illinois Income Tax is based, to a large extent, on the federal Internal Revenue Code. It is imposed on every individual, corporation, trust, and estate earning or receiving income in Illinois. The tax is calculated by multiplying net income by a flat rate. In fiscal year 2018, income taxes were the largest source of revenue with receipts of \$25.01 billion.





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Sales Tax

The Illinois Sales Tax, or Retailers' Occupation Tax, is a combination of "Occupation" and "Use" taxes on the sales of tangible personal property. Occupation taxes are imposed on a seller's receipts. Use taxes are imposed on amounts paid by a purchaser of tangible personal property. Sales taxes were the second largest source of revenue in fiscal year 2018 with \$15.30 billion*.



*Reflects only revenue collected by IDOR.



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Excise Taxes

Excise Taxes are collected on coin-operated amusement devices, cigarettes, liquor gallonage, dry-cleaning license and tax, real estate transfer tax, electricity, gas revenue, hotels, energy assistance, renewable energy, and gas tax collections, telecommunications, and tobacco products. These taxes require a number of special enforcement and collection activities. Total for all excise tax receipts in fiscal year 2018 was \$2.62 billion.*



*Reflects only revenue collected by IDOR.



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Motor Fuel Taxes

Motor fuel taxes include the Motor Fuel Tax, Motor Fuel Use Taxes, Underground Storage Tank Tax, and the Environmental Impact Fee. Total for all motor fuel tax receipts in fiscal year 2018 was \$1.37 billion. Motor Fuel taxes are collected by the Department of Revenue, but are disbursed by the Illinois Department of Transportation based on information from the Department of Revenue's Motor Fuel Tax Division.





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Gaming Taxes

Gaming taxes include the Bingo Tax and License Fees, Charitable Games Tax and License Fees, Pull Tabs and Jar Games Tax and License Fees, and Racing Pari-mutuel Tax. Total for all Gaming tax receipts in fiscal year 2018 was \$11.67 million.*



*Reflects only revenue collected by IDOR.



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Illinois Department of Revenue Form IL-1040 Return Processing Overview

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2018 Form IL-1040
Over 40% of taxpayers file electronically. It is easy and you will get your refund faster. Visit tax.illinois.gov.

Step 1: Personal Information
Do not provide a Social Security number. You must provide the entire Social Security number for you and your spouse.

Step 2: Income
1 Federal adjusted gross income from your federal Form 1040, Line 7.
2 Other income tax-exempt interest and dividend income from your federal Form 1040, Line 7.
3 Total income. Add Lines 1 through 3.

Step 3: Base Income
4 Social Security benefits and certain retirement plan income received if included in Line 1. Attach Page 2 of federal return.
5 Other income tax-exempt interest and dividend income from your federal Form 1040, Schedule 1, Ln. 10.
6 Add Lines 4, 5, 6, and 7. This is the total of your subtractions.
7 Illinois base income. Subtract Line 6 from Line 4.

Step 4: Exemptions
8 Enter the exemption amount for yourself and your spouse. See instructions.
9 Check if you are claiming dependents, enter the amount from Schedule IL-EIC, Step 2, Line 1.
10 Attach Schedule IL-EIC. Add Lines 8 through 9.

Step 5: Net Income and Tax
11 Residents: Net income. Subtract Line 10 from Line 7.
12 Nonresidents and part-year residents: Enter the Illinois net income from Schedule NR, Attach Schedule NR, Line 11.
13 Nonresidents and part-year residents: Enter the tax from Schedule NR.
14 Income tax. Add Lines 11 and 13. Cannot be less than zero.

Step 6: Tax After Nonrefundable Credits
15 Property tax and K-1 education expense credit amount from Schedule CR, Attach Schedule CR.
16 Add Lines 11, 12, and 13. This is the total of your credits. Cannot exceed the tax amount on Line 14.
17 Tax after nonrefundable credits. Subtract Line 16 from Line 14.

Step 7: Other Taxes
18 Household employment tax. See instructions.
19 Use tax on Schedule IL-1040-V.
20 In the instructions. Do not use blank.
21 Compassionate Use of Medical Cannabis Pilot Program Act Surcharge.
22 Total Tax. Add Lines 15, 16, 17, 18, 19, 20, 21, and 22.



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FORM IL-1040 FILING SOURCES

- The Form IL-1040 can be filed electronically by individual taxpayers and preparers, using an approved software vendor, as part of the Internal Revenue Service Modernized e-File (MeF) Program. They can also be filed electronically online at the Department's website using the *MyTax Illinois* account management program. The Department welcomes and promotes electronically filed returns as an environmentally friendly way for taxpayers to avoid common, and sometimes costly, mistakes.
- Taxpayers may also choose to file on paper using forms available on our website or by using department approved facsimiles, and on paper 2D barcode returns. 2D barcode returns are generated from tax preparation software products. The 2D barcode contains information from the return and attachments which allows it to be scanned rather than data entered. Document Control & Deposit has a unit which handles only IL-1040 2D original tax returns.





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FORM IL-1040 FILING STATISTICS

- During calendar year 2018, the Department received 6,158,496 IL-1040 returns for the 2017 filing period from all filing sources:
 - 4,999,881 of these returns were filed via MeF.
 - 235,026 of these returns were filed via *MyTax Illinois*.
 - 565,898 of these returns were filed using a paper Form IL-1040.
 - 357,691 returns were filed using a 2D Barcoded paper Form IL-1040.
- During calendar year 2018, 3,899,999 Individual Income Tax refunds were issued totaling approximately \$1.73 billion dollars.





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Where Taxes Go

For fiscal year 2018, Education received the majority of state taxes – 39.9 percent. Health and Social Services received 33.4 percent. Transportation, public protection and justice, transfers (borrowing repayments, local governments, etc.), and other general government expenses received the remaining 26.7 percent.



Source: Comptroller Report FY18

<https://www2.illinois.gov/rev/research/taxstats/Documents/2018-Comptrollers-Report.pdf>